

LETS IN TRUST COMPANIES

Clearing House Committee Report To Be Voted On Tuesday.

SOME SHOW OF OPPOSITION

Ten Per Cent Deposit Proviso May Act as Bar—\$1,000,000 Capital a Requisite.

The admission of trust companies having less than \$1,000,000 capital to full membership in the New York Clearing House Association, provided they maintain a cash reserve of 25 per cent of their net deposits, of which 15 per cent is to be kept in their own vaults and 10 per cent kept on deposit with Clearing House banks, was recommended in a report submitted at the special meeting of the association yesterday by the sub-committee on trust company relations, which was appointed by the Clearing House committee several weeks ago to consider the feasibility of admitting trust companies to membership.

Several changes and amendments to the constitution of the Clearing House Association so as to make possible the admission of trust companies were recommended by the committee. The most important, of course, was that relating to the reserve the trust companies must maintain. Another was that no new member should be admitted whose unpaired capital was less than \$1,000,000, and the section of the constitution reading that "All members of this association shall keep and maintain in their own vaults a cash reserve of 25 per cent of their net deposits" was amended by adding the word "bank" after the word "all."

Each trust company that becomes a member of the Clearing House Association will be required to furnish to the manager for publication a weekly report of its average daily condition, also its actual condition at the close of business on each Friday, which report shall comprise the same articles contained in the Clearing House statement.

The sub-committee on Clearing House examinations also submitted a report at the meeting recommending that a system of examination of the members of the New York Clearing House should be instituted under the authority of the Clearing House committee, that their salaries be adequate, that they subscribe to pledges of secrecy; that they be required to give bonds, the cost of which is to be borne by the Clearing House, and that they bind themselves not to enter the service of any bank, banking house, trust company, note broker, stock broker, house, foreign exchange dealer, promoter, or any person styling himself a banker, or engaged in any similar or allied line of business where the information acquired in his capacity as examiner might be useful to such concern or individual, or be used to the injury or disclosure of the business affairs of a member, within five years after leaving the service of the Clearing House.

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The Bankers' Trust Company, another company in which the Morgan interests are dominant, is also understood to be ready to join the Clearing House, as soon as the suggested amendments permitting the trust companies to become members are adopted. Among the trust companies that are understood to be strongly opposed to becoming members under the conditions proposed are the United States, the Farmers' Loan and Trust, the Central, the New York Life

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Many Officers Non-Commital.

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Plans for Examinations.

The report told how two members of the committee, Stephen Baker and James M. Donald, visited Chicago and St. Louis, and investigated the systems of Clearing House examination in operation in those two cities, which they found highly efficient.

The one in St. Louis was found letter suited for use in New York than the more detailed plan followed in Chicago.

In recommending the adoption of a similar system here, the committee suggested that the chief examiner and his assistants should be engaged for a term of not less than five years, but to be removable for cause at the discretion of the Clearing House committee, that their salaries be adequate, that they subscribe to pledges of secrecy; that they be required to give bonds, the cost of which is to be borne by the Clearing House, and that they bind themselves not to enter the service of any bank, banking house, trust company, note broker, stock broker, house, foreign exchange dealer, promoter, or any person styling himself a banker, or engaged in any similar or allied line of business where the information acquired in his capacity as examiner might be useful to such concern or individual, or be used to the injury or disclosure of the business affairs of a member, within five years after leaving the service of the Clearing House.

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